

Consumer and Retailers Perception about Chinese Mobile Handsets in Hyderabad City - An Analytical Study

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Made in china, this is the word that is bothering many business organizations across the globe. In India alone Chinese products resulted in closure of more than 60% of tiny and small scale units in Mumbai industrial belt alone. Due to liberalization of economies Chinese products were dumped in to the country with cheaper prices but with all latest features, quickly catch the masses first and from there to largely populated middle class segment in India. Many organizations not only in Indian but across the world do not have an answer "how to face the challenge with Chinese cheaper products? After the entry of china mobile into the Indian Market, they created lot of change in the Indian mobile phone segments. Within two years span, by the end of the year 2010 the market share of Nokia has fallen down from 54% to 36%. This statistics tells us how the china mobile phones have shown their effect towards branded mobile phones. Informa Telecoms and Media projects that, by the end of 2013, the Chinese mobile market will be worth approximately \$107.5 billion, as compared to India's mobile market, which is set to be worth approximately \$35.5 billion. This study has made an attempt to find the impact of Chinese mobile phones on popular brands and consumers product choice, and also to find best solution to counter Chinese threat. It concludes that to counter brand China, branded mobiles should come out with good after sales services, and attractive handsets with latest features at reasonable price.

Key words: Telecom sector, Chinese mobile handsets, popular brands, liberalization.

Objective

The primary objective of the study is to know the Consumer and retailers perception about the issues relating to the affect of Chinese mobile phones on branded mobiles in the city of Hyderabad. Also the attempt has been made to study the best possible solution to counter the Chinese attack.

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Methodology

A survey has been conducted to know the impact of Chinese mobiles on branded mobile market. In total 200 consumers and 100 dealers have been selected for the study. A convenience sampling method was adopted to select the samples. Separate questionnaire has been prepared for consumers and dealers. These questionnaires highlighting the perception of consumers and Retailers about Chinese mobiles and the impact of Chinese mobiles on the branded mobiles sales. With the prior consent from the respondents the questionnaire has been distributed. After a fortnight the filled in questionnaires were collected from them. In total 170 from consumers and 90 from dealers completely filled questionnaires were received.

Introduction

A large population, low telephony penetration levels, and a rise in consumers' income and spending owing to strong economic growth have helped make India the fastest-growing telecom market in the world. Telecom in the real sense means transfer of information between two distant points in space. The popular meaning of telecom always involves electrical signals and nowadays people exclude postal or any other raw telecommunication methods from its meaning.

The Indian telecommunication industry is the world's fastest growing telecommunications industry, with 723.28 Million telephone (landlines and mobile) subscribers and 687.71 Million mobile phone connections as of September 30th, 2010. It is also the second largest telecommunication network in the world in terms of number of wireless connections after china. The Indian Mobile subscriber base has increased in size by a factor of more than one hundred since 2001 when the number of subscribers in the country was approximately 5 million to 687.71 Million in September, 2010.

As the fastest growing telecommunications industry in the world, it is projected that India will have 1.159 billion mobile subscribers by 2013. Furthermore, projections by several leading global consultancies indicate that the total number of subscribers in India will exceed the total subscriber count in the china by 2013. The industry is expected to reach a size of 344,921 crore (US \$ 78.3 billion) by 2012 at a growth rate of over 26 per cent, and generate employment opportunities for about 10 million people during the same period. According to analysts, the sector would create direct employment for 2.8 million people and for 7 million indirectly. In 2008-09 the overall telecom equipments revenue in India stood at 136,833 crore (US \$ 31.06 billion) during the fiscal, as against 115,382 crore (US \$ 26.19 billion) a year before.

Companies such as Vodafone, Bharti Airtel, Tata indicom, idea cellular, Aircel and loop mobile are major players in India. In 2008-09, rural India outpaced urban India in mobile growth rate. Now Bharti Airtel is the largest telecom company in India.

Some of the mobile brands in india in alphabetical order

1. Acer	2. Ajanta	3. Apple I mobile
4. Bird	5. Black Berry	6. C tel
7. China mobiles	8. Fly	9. Haier
10. HP	11. HTC	12. Idea
13. Intex	14. IPAQ	15. Karbonn
16. LG	17. Lava	18. lemon
19. Motorola	20. Micro maxx	21. Mitsubishi
22. Nokia	23. 02 Mobile	24. Onida
25. Palm	26. Panasonic	27. Ray
28. Reliance	29. Samsung	30. Segan
31. Sigmatel	32. Siemens	33. Sony Ericson
34. Spice	35. Tata	36. Usha lexus
37. TCL	38. Videocon	39. Virgin
40. Vodafone	41. Wynncom	42. Zen mobile.

India stands in the front row in the mobile phone business. Many companies are introducing mobile handsets with different advanced features. On an average, nearly one crore people are buying mobile phones. When comparison is between last financial year and the previous financial year to it, Nokia Company belonging to Finland tops the market. Though it continues to be the top most company in mobile handset business, it is noticeable that its share in the market has reduced by 12%. At the same time, market share of Samsung Company has improved by 7.5%. Following table shows the representation of companies in mobile handset market (Based on Voice and Data Survey, June, 2010).

Top 10. Mobile Companies in India based on Sales

Company	2008-09	2009-10	Growth/ Decline (in percentages)
Nokia	64.0	52.2	-11.8
Samsung	10.0	17.4	7.4
LG	4.5	5.9	1.4
Micromax		4.1	4.1
Spice Mobiles	2.0	3.9	1.9
Karbonn		3.0	3.0
Sony Ericson	6.0	3.0	-3.0
ZTE	5.6	1.9	-3.7
Hawaii	1.3	1.7	0.4
Motorola	3.5	1.0	-2.5
Other companies	3.1	5.9	2.8

Impact of Chinese mobile phones

China handsets in India account to 15% of Indian mobile market. The market is valued at 45,000 crores a year. It's a long known fact that owning a branded cell phone has been a trend in only a few countries besides India, one often related with social stigmas. However, the recent flood of Chinese mobile phones in the Indian cellular market seems all set to bring drastic changes. They have reached rural India and the retailer will tell you he can buy them for 1800 rupees and make 400 to 600 profits on each one. The retailer support a range of local china phone brands which are now getting heavy advertising support. The rapid increase in low cost Chinese product entering the Indian market created an opportunity for larger organizations to enter the market and offer back-up with 12 month warranties and support. These phones are typically priced between 2000 to 5000 rupees. The number and variety has stolen from Nokia and other branded mobile shelf space. The POS material is plastered everywhere just to create impression in the minds of the customers.

Mobile handset maker China Wireless Technologies has tied up with Reliance Communications Ltd (RCom) to launch its dual-SIM smart phone in India and aims to earn around Rs8 billion over the next five years. After the International Mobile Equipment Identity (IMEI) number dispute and concerns raised by Indian security agencies, Chinese mobile makers have revised their strategy. After flooding the Indian market with their cheap (both in quality and rates) handsets, Chinese mobile manufacturers are now mainly using domestic companies to promote their products. In the past few months, many companies have entered the domestic mobile market with their "own" brand, but in fact all these handsets are procured from China at low rates and then sold using a different brand name. Although this method is not new, what is more important is the after-sales service that is not easily available for such equipment.

Hong-Kong stock exchange-listed China Wireless Technologies' Indian subsidiary Coolpad Communications has signed an exclusive distribution agreement with RCom's retail subsidiary Reliance Webstore and the handsets would be available in the market under the 'Coolpad' brand name. China Wireless unit Yulong makes highly popular Yulong Coolpad smartphone models that are feature-rich and are mostly on dual technology that is on GSM + GSM or CDMA + GSM. Yulong's recently launched 3G mobile handset 'Coolpad N900' is being marketed in China with the title "iPhone Killer." Earlier, many companies, especially RCom and Tata Indicom, used to buy CDMA handsets in bulk from Chinese companies like ZTE and Huawei and sell it under their brand name. ZTE has sold over 25 million handsets in India

through operators such as RCom, BSNL, Tata Teleservices and Vodafone. Now ZTE is targeting the GSM handset market in India. The Indian mobile handset market is estimated to be around Rs26,000 crore, dominated mostly by Nokia, Samsung, Sony Ericsson, LG and Motorola besides HTC and Blackberry. Other brands include, Haier, Bleu, Spice, Videocon, Philips and some smaller brands like Simoco, Kyocera, Sagem, Micromax, Fly, Huawei, Xenitis, GeePee and Usha. Bird International and Kejian are present in India since 2003 and retail their handsets through their partners Agrani Convergence Ltd and Ragarhia group, respectively.

Essar group's Mobile Store launched China-made 'Ray' brand handsets, there are some companies which import Chinese handsets with IMEI number and sell it under their own label, like Maxx, Fortune, Karbonn and Olive. Although these made-in-China handsets offer value for money to price-conscious Indians, there are some concerns as well. Mainly, these handsets do not offer any warranty or guarantee and there is no after-sales service available. In case this handset becomes "ill", then it cannot be repaired easily, as the spares and parts of these handsets are not available. After-sales service is very poor in India; even well-known brands do not offer prompt service. So in a way, if someone is looking for a cheap but good-looking mobile handset, Indian consumers feel that opting for a China made handset, is the best alternative?

There are lot many china mobile phones are available in India. Few of them are as follows—

- | | | |
|------------|----------------|----------------|
| • G Five | • Blue max | • AG mobiles |
| • Lawow | • Telego | • Qtes mobiles |
| • Forme | • Sigmatel | • Accord |
| • Gild | • AG Tel | • Air phone |
| • YX TEL | • Sovy Erksson | • Beefone |
| • Rocker | • Black cherry | • Zen |
| • Leephone | • Itelo | |

Some of these mobile phones names are similar to the branded mobile phone names such as Blueberry instead of Black berry, Similarly Sovy Erksson instead of Sony Ericson and Blue Max instead of Micromax. Some of the Indian mobile phone companies also are using the Chinese handset software in their mobile sets, they are authorized dealers and they provide warranty, Such as Micromax, Karbbon, Spice, Lava, Celkon, Onida, Lemon etc to name few.

Results

Descriptive statistics such as frequency, percentage and in some cases ranks were obtained to analyze the data. The findings are presented in tabular form and are interpreted under different heads in the following section.

RETAILER'S PERCEPTION ABOUT CHINESE MOBILES

- **No. of retailers selling china mobiles**

As indicated in table 1 out of 90 retailers 53 respondents are offering china mobiles in their outlets and 37 are not selling china mobiles.

Table 1. No. of retailers selling china mobiles

Response	No. of Respondents	Percentage
Yes	53	59
No	37	41
Total	90	100

- **Reasons for selling china mobiles by the retailers**

As indicated in table 2 out of total 90 retailers majority of them i.e. 43% respondents said that they are selling china mobiles because of high margins followed by customer demand 38% and variety 19%.

Table 2. reasons for selling china mobiles by the retailers

Reasons	No. of respondents	Percentage
Customer demand	20	38
Margin	23	43
Variety	10	19
Total	53	100

- **Reasons for not selling china mobiles**

From table 3 it can be inferred that out of total 37 retailers who are not selling china mobiles 14 (38%) mentioned customer complaints as the major reason followed by 13 (35%) poor after sales services and 10 (27%) to the protect the reputation of their stores.

Table 3. reasons for not selling china mobiles

Reasons	No. of respondents	Percentage
Customer complaints	14	38
Poor after sales service	13	35
Reputation of their stores	10	27
Total	37	100

- **No of retailers who wish to drop from selling china mobiles in the near future**

Table 4 shows that out of 53 retailer's majority of them i.e. 38 (72%) respondents said they are planning to stop selling china mobiles and 15 (28%) people said they will continue selling china mobiles in the near future.

Table 4. Retailers who intend to stop selling china mobiles in the near future

Response	No. of respondents	Percentage
Will Continue selling	15	28
Will stop selling	38	72
Total	53	100

- **Suggestions for improvement in china mobiles**

From the table 5 it is evident that majority of the retailers i.e. 40 respondents (44%) suggested for improvement in durability of the product, while 25 respondents (28%) wants improvement in after sales services and spare parts availability respectively.

Table 5. Suggestions from retailers for improvement in china mobiles

Suggestions	No. of respondents	percentage
After sales services	25	28
Durability	40	44
Availability of spare parts	25	28
Total	90	100

- **If after sales services and durability of china mobiles is improved no. of retailers willing to sell china mobiles.**

As mentioned in table 6 we can say that out of total 90 retailers 72 respondents (80%) are willing to sell china mobiles if there is an improvement in durability and after sales services, where as 12 respondents (14%) said they will assess the situation and then make a decision and mere 6 retailers

(7%) said that they will not sell china mobiles even there is improvement in its durability and after sales services.

Table 6. Retailers willing to sell china mobiles once quality is improved

Response	No. of respondents	Percentage
Yes	72	80
Depends on situation	12	14
No	06	06
Total	90	100

- **Suggestion for branded mobile operators to face Chinese hand sets**

From the table 7 it can be inferred that out of total 90 retailers 52 respondents (58%) said that the branded mobile operators should go for price discounts and 26 respondents (29%) believe that good battery backup and offers are the best strategies to counter Chinese threat, whereas 12 respondents (13%) feel that attractive designs can help them in withstanding against cheaper Chinese mobiles.

Table 7. Retailer’s suggestion for branded mobile operators

Suggestion	No. of respondents	Percentage
Price discounts	52	58
Attractive designs	12	13
Offers and battery backup	26	29
Total	90	100

Consumer perception about Chinese mobiles

- **No of people using Chinese mobiles**

From table 1 it is evident that among 170 total population 80 (40%) of them are using china mobiles and remaining 120 (60) are using branded mobiles

Table 1. People using Chinese mobiles

Opinion	No. of respondents	Percentage
Yes	69	41
No	101	59
Total	170	100

- **Demographic information of the People using china mobiles**

Table 2 indicates that majority of the people using Chinese mobiles are students and non professional which share equal percentage i.e. 25 (36%) each and 19 (28%) people using Chinese mobiles are professionals

Table 2. Demographic information of the people using china mobiles

Educational status	No. of respondents	Percentage
Student	25	36
Professional	19	28
Non-professional	25	36
Total	69	100

- **Reason for using Chinese mobiles**

From the table 3 it can be inferred that most of the people purchasing Chinese mobiles is because of cheaper prices i.e. 42 (61%) and the remaining 27 (39%) of them are purchasing because attractive features and stylish designs

Table 3. reasons for using Chinese mobiles

Reason	No. of respondents	Percentage
Less price	42	61
Attractive features and designs	27	39
Total	69	100

- **Reason for not using Chinese mobiles**

It is understood from table 4 that 66 (65%) respondents are not using china mobile because of its less durability, and 14 (14%) people said because of poor after sales services and remaining 21 (21%) people said they are not satisfied with availability of spare parts

Table 4. reason for not using Chinese mobiles

Reason	No. of respondents	Percentage
Durability	66	65
Poor after sales services	14	14
Poor availability of spare parts	21	21
Total	101	100

- **If durability and after sales services are improved no. of people willing to use Chinese mobiles**

It is evident from table 5 that 117 (69%) people out of total 170 population are willing to buy Chinese mobiles if durability and after sales services are improved and 32 (19%) people said they assess the situation and will decide and remaining 32 (19%) respondents said they will never buy china mobile again

Table 5. people willing to use Chinese mobiles if durability etc are improved

Opinion	number	percentage
Certainly buy	117	69
Depends on situation	32	19
Never buy	21	12
Total	170	100

- **Customer suggestion for improvement in Chinese mobiles**

From table 6 it is evident that most of the customer i.e. 97 (57%) wants Chinese mobiles to be more durable and 48 (28%) people wants improvement in spare parts availability and 25 (15%) respondents wants good after sales services.

Table 6. Customer suggestion for improvement in Chinese mobiles

Opinion	No. of respondents	Percentage
Durability	97	57
Spare parts availability	48	28
After sales services	25	15
Total	170	100

Conclusions

In India cell phones have become one of the essential commodities to facilitate daily life. The key factors that have promoted the growth of mobile phones in India are cheaper handsets, liberal government policies, low tariffs, and affordable monthly rentals. The war for growing demand of mobile handsets has intensified with the entry of cheaper Chinese mobile handsets which are good looking and with lots of advanced features, is something hard to ignore for price conscious Indians. The Indian market has undergone tremendous changes and will continue to change with the entry of china mobiles. Market share of Many branded mobile operators such as Nokia, Samsung, Black Berry etc have seivourly been effected by these Chinese products.

From the above study, it is recommended that branded mobile operators need to change their strategy and need to focus more on attractive designs, good features, all at affordable prices. So far no effort has been made by any branded mobile operators in India to counter Chinese threat. Reason is that though initially there is some decrease in their market share, but thanks to the poor performance of Chinese mobiles, that has forced the users to turn back to branded mobile operators. But branded mobile operators need to adapt value for money strategy to face Chinese threat; otherwise once Chinese mobile operators improve durability of their products it will not be surprise to say that some of the branded operators need to close their operations in India

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